

FEDERAL COMMUNICATIONS COMMISSION



FACT SHEET

April 1997

Satellite Digital Audio Radio Service

Digital Audio Radio Service by satellite (satellite DARS) promises to provide continuous nationwide radio programming with compact disc (CD) quality sound.

What is being auctioned?

The Commission is auctioning two nationwide licenses that will authorize their holders to provide satellite digital audio radio service in the 2320-2332.5 MHz and 2332.5-2345 MHz bands.

Who is participating in the auction?

Four companies were permitted to apply for participation in the DARS auction, and all four submitted the necessary documentation and upfront payments. These four companies are American Mobile Radio Corporation, Digital Satellite Broadcasting Corporation, Primosphere Limited Partnership, and Satellite CD Radio, Inc.

What type of auction is being used for the DARS auction?

A simultaneous multiple round auction. Unlike some of our recent auctions in which bidders placed bids remotely by computer or telephone (such as with the PCS DEF, C block reauction, and C block auctions) the DARS bidders will be bidding in person at the auction site in private booths.

What is the upfront payment required to participate in the DARS auction?

Bidders must submit by wire transfer an upfront payment of \$3 million in order to bid.

AUCTION EVENT:

How will bids be made?

- Bidders must place their bids electronically at the FCC auction site.
- The Commission has established a minimum opening bid of \$8 million each for these licenses.
- All accepted bids and the minimum valid bid amount for the next round will be announced after the conclusion of each bidding period.
- Once a bid has been received for a license, the minimum bid increment will be ten (10) percent of the previous high bid on that license.
- In the event of tie bids, the Wireless Telecommunications Bureau will identify the high bidder on the basis of the order in which bids are received, starting with the earliest bid.

How long is each bidding round?

Initially, bidding rounds are expected to last 30 minutes to allow bidders to become familiar with the bid submission process. The Commission will adjust the pace of the auction based on its monitoring of the bidding and assessment of auction progress.

How will the FCC move the auction through the various stages/phases?

Unlike several of the previous auctions, the DARS auction will not have stage transitions that require increased bidder activity. Rather, bidders must be active on one license in each round of the auction or use an activity rule waiver. However, we have established a minimum bid increment of 10% of the previous high bid on a particular license in order to speed along the auction.

How many bidding activity waivers will each bidder have?

Three.

How will bid withdrawals be handled?

In the DARS auction, we are introducing an upgraded version of the Automated Auction System bidding software. With this upgraded system, bidders will be allowed to make and remove as many bids as they want prior to the close of the bidding period. What will count is the bid that exists at the moment the round closes. Withdrawals of standing high bids will be allowed only after a round in which there have been no new bids or proactive waivers. The offer price for

the withdrawn bid will be determined by looking backwards at the auction rounds until a round is reached in or after which all bidders placed a bid on any license. The highest bid submitted at that point in time will be the offer price for the withdrawn license. Eligibility for all remaining bidders then will be restored. The withdrawing bidder will be precluded from further participation in the auction and subject to a bid withdrawal payment.

When does the auction end?

The auction will close after one round passes in which no new valid bids or proactive waivers are submitted on both licenses, subject to the following two qualifications. First, if a high bidder withdraws its bid during the bid withdrawal period the Commission will reoffer the license in the next round as specified in Section A.2 above. Second, the Commission retains the discretion to keep an auction open even if no new valid bids and no proactive waivers are submitted. In the event that the Commission exercises this discretion, the effect will be the same as if a bidder had submitted a proactive waiver

Will one licensee be permitted to win both DARS licenses?

Bidders may win only one license, but are permitted to bid on either license during the course of the auction. As such bidders will be permitted to be active (i.e., submit a bid or have the standing high bid) on only one license at a time.

POST-AUCTION:

How are the high bidders announced?

The high bidders will be announced by Public Notice shortly after the close of the auction.

What forms must a winning bidder complete?

Winning bidders must supplement their pending applications with specific technical information about their proposed satellite digital audio radio system. The required information is detailed in Part 25 of the Commission's rules.

Winning bidders' application amendments will be available for public inspection following the release of the Public Notice announcing the acceptability for filing of said amendments.

When are down payments due?

Within 10 days of the announcement of the winning bidders, winning bidders must submit

funds sufficient to bring their total amount on deposit up to 20% of their winning bids.

When is full payment due?

Winning bidders are obligated to pay the remaining 80% of the remaining bid on their license within 10 business days of a Public Notice announcing that the Commission is prepared to award the licenses.

When does the FCC expect licenses to be granted?

Prior to granting licenses, we must allow 30 days for the filing of amendments to the pending applications, then another 30 days for the filing of petitions to deny (if any). Considering these requirements, we anticipate that we will grant licenses in late fall of this year.

What milestones must a DARS licensee meet?

DARS license winners must, within one year of license grant, begin space station construction. Within two years, the licensee must begin second space station construction (if applied for). Within four years, the licensee must have in orbit operation of at least one space station, and within six years, full operation of the satellite system.

Note: The FCC makes no representations or warranties about the use of this spectrum for particular services. Applicants should be aware that an FCC auction represents an opportunity to become an FCC licensee in this service, subject to certain conditions and regulations. An FCC auction does not constitute an endorsement by the FCC of any particular services, technologies or products, nor does an FCC license constitute a guarantee of business success. Applicants should perform their individual due diligence before proceeding as they would with any new business venture.

Additional Information

The public may retrieve some of the DARS documents from the FCC Internet node via anonymous FTP@fcc.gov. Other general information about DARS may be obtained from the FCC's website at www.fcc.gov.

For further inquiries, phone the Wireless Telecommunications Bureau's Auctions Division at (202) 418-0660, or the International Bureau at (202) 418-0749.